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Message Text

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15
ACTION EA-14

INFO OCT-01 ADP-00 NSCE-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-02 DODE-00 PA-03 USIA-12 PRS-01 AGR-20

TAR-02 RSR-01 NIC-01 /168 W
---------- 074499
R 300850 Z MAY 73
FM USLO PEKING
TO SECSTATE WASHDC 178
INFO AMCONSUL HONG KONG

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E. O. 11652: N/ A
TAGS: PFOR, ETRD, CH
SUBJECT: FOREIGN TRADE MINISTER' S VIEWS ON US- CHINA TRADE

1. MR. BRUCE ON MAY 28 PAID COURTESY CALL ON PRC FOREIGN TRADE MINISTER PAI HSIANG- KUO. PAI LED OFF DISCUSSION BY STRESSING DESIRABILITY OF INCREASED US- CHINA TRADE ON BASIS OF EQUALITY AND MUTUAL BENEFIT IN ACCORDANCE WITH SHANGHAI COMMUNIQUE. POINTING OUT PRESENT BILATERAL TRADE IMBALANCE AND CITING RECENT LARGE INCREASE IN CHINESE IMPORTS FROM US (SEE FIGURES BELOW), PAI THEN LISTED THE OBSTACLES FACING CHINESE EXPORTS TO US: SMALL SURPLUS OF EXPORTABLE GOODS IN EXCESS OF DOMESTIC NEEDS, INSUFFICIENT ACQUAINTANCE WITH US MARKET, AND HIGH TRANSPORTATION COSTS. ALMOST AS AN AFTERTHOUGHT, HE ADDED QUOTE HIGH DUTIES IMPOSED ON CHINESE GOODS ALSO MUST INFLUENCE LEVEL OF EXPORTS TO AMERICA UNQUOTE. PAI EMPHASIZED HIS INTEREST IN EXPANDING CONTACTS WITH AMERICAN BUSINESSMEN THROUGH VISITS BY AMERICANS TO CANTON FAIR AND DISCUSSION WITH MFT SUBORDINATE IMPORT- EXPORT CORPORATIONS IN PEKING. HE WELCOMED MR. BRUCE' S OPTIMISTIC ASSESSMENT OF PROSPECTS FOR EVENTUAL GRANTING OF MFN
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STATUS TO CHINA.

2. THE FIGURES CITED BY MINISTER PAI FOR CHINESE IMPORTS FROM THE US MAY BE OF INTEREST. IN 1972, HE SAID, DIRECTLY CONTRACTED IMPORTS TOTALED US DOLS160,000,000; INDIRECT IMPORTS, THAT IS, PURCHASES OF US GOODS THROUGH THIRD- COUNTRY BUSINESSMEN, ACCOUNTED
FOR AN ADDITIONAL DOLS 210,000,000. SO FAR THIS YEAR, ACCORDING TO PAI, DIRECT IMPORTS HAVE REACHED DOLS 200,000,000 AND INDIRECT IMPORTS DOLS 370,000,000. (FYI WE OF
COURSE HAVE NO WAY OF SUBSTANTIATING THESE FIGURES, WHICH SEEM HIGH, BUT ASSUME THAT PAI KNOWS WHAT HE WAS TALKING ABOUT. END FYI)

3. ACCORDING TO PAI, TOTAL PRC EXPORTS TO US IN 1972 AMOUNTED TO DOLS24 MILLION . SO FAR THIS YEAR FIGURE STANDS AT DOLS20 MILLION, LEADING CHINESE TO BELIEVE THAT YEAR- END RESULTS WILL BE CONSIDERABLY
BETTER THAN FOR 1972. NEVERTHELESS, TRADE IMBALANCE IN FAVOR OF US WILL STILL REMAIN.
BRUCE

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